

Teachers' Retirement Board
Investment Committee
Open Session

Subject: Report of the Chief Investment Officer	Item Number: <u>16</u> Attachment(s): <u>4</u>
--	---

Action: _____	Date of Meeting: <u>May 6, 1998</u>
---------------	-------------------------------------

Information: <u>X</u>	Presenters: <u>Mr. Mitchell</u>
-----------------------	---------------------------------

The following is a summary of the developments in the financial markets that have occurred between April 1, 1998 and April 20, 1998.

1. The yield on the 30 year U.S. Treasury security has decreased from 5.93% to 5.86%. The market value of the S&P 500 Index has increased from 1,102 to 1,109.

2. The U.S. dollar weakened compared to the mark (1.84 to 1.81), yen (133 to 131) and pound sterling (1.67 to 1.69).

3. The Federal Reserve Board of Governors next scheduled meeting is May 19, 1998. The consensus is that short term interest rates will remain unchanged.

4. The price of oil reached a twelve year low in March, however, the price has rebounded about 25% to trade at \$16.00 per barrel.

California State Teachers' Retirement System
Investment Summary
For the Period ended March 31, 1998

Attachment I
Page 1

<i>Investment Summary - Market Value</i> (amounts in millions)								
Asset	This Month		One Year Ago		Three Years Ago		Five Years Ago	
Domestic Equity	\$ 35,221	40.7%	\$ 22,753	33.6%	\$ 17,435	33.8%	\$ 19,062	41.3%
International Equity	18,331	21.2%	13,196	19.5%	5,752	11.1%	1,597	3.5%
Fixed Income	25,501	29.5%	24,671	36.5%	21,847	42.3%	19,978	43.3%
Global Asset Allocators	2,538	2.9%	2,592	3.8%	1,741	3.4%	N/A	N/A
Private Equity	3,704	4.3%	3,155	4.7%	2,158	4.2%	2,253	4.9%
Liquidity	1,161	1.3%	1,253	1.9%	2,724	5.3%	3,238	7.0%
Total Market Value	<u>\$ 86,456</u>	<u>100.0%</u>	<u>\$ 67,619</u>	<u>100.0%</u>	<u>\$ 51,658</u>	<u>100.0%</u>	<u>\$ 46,128</u>	<u>100.0%</u>

<i>Performance Returns for Major Asset Categories</i>							
Asset	Month	Fiscal YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	
Domestic Equity	4.89	25.66	46.32	30.25	20.37	17.87	
Int'l Equity	3.49	1.69	14.34	12.64	12.33	N/A	
Fixed Income	0.34	11.40	16.95	11.33	8.29	10.23	
Global Asset Allocators	2.61	11.08	22.51	15.51	N/A	N/A	
Real Estate	N/A	N/A	18.25	13.67	4.28	4.72	
Alternative Investments	N/A	N/A	27.43	30.52	23.53	N/A	
Liquidity	0.49	4.57	6.00	6.07	5.46	6.35	
Total Fund	2.97	14.95	26.89	18.03	12.66	12.82	

<i>Indicies</i>						
Domestic Equity Custom	4.96	26.50	47.69	31.61	21.53	18.26
MSCI EAFE	3.08	4.98	18.61	10.57	11.93	6.20
Salomon LPF	0.40	10.41	15.45	10.85	8.05	10.07
MSCI World Equity	4.21	14.70	31.96	20.09	16.54	10.83
Real Estate Custom	N/A	N/A	13.30	10.22	7.97	4.67
T-Bill	0.44	3.92	5.26	5.37	4.81	5.57
Consumer Price Index	0.19	1.20	1.39	2.32	2.47	3.37
Wilshire 5000	5.00	26.40	47.74	31.15	21.28	18.13
Russell 3000	4.96	26.50	47.70	31.57	21.50	18.46
LB Gov / Corp	0.31	8.45	12.39	9.20	6.96	8.93

<i>Allocations of Cash and Reallocations of Assets</i> (does not include changes in the market value)		
	Current Month	Past 12 Months
Cash Inflow:		
Contributions & misc receipts	\$ 282.7	\$ 3,577.6
Less: Benefits & misc. payments	\$ (66.9)	\$ (3,144.5)
Investment Income	\$ 171.3	\$ 2,977.1
Total Cash Inflow	<u>\$ 387.1</u>	<u>\$ 3,410.2</u>
Cash Allocation:		
Domestic Equity	\$ (9.6)	\$ 2,029.5
International Equity	\$ 396.6	\$ 2,814.4
Fixed Income	\$ (201.4)	\$ (1,527.5)
Global Asset Allocators	\$ 6.1	\$ 19.2
Private Equity	\$ 27.0	\$ 253.6
Liquidity	\$ 168.4	\$ (178.9)
Total Cash Allocation	<u>\$ 387.1</u>	<u>\$ 3,410.3</u>

California State Teachers' Retirement System
Investment Structure
For the period ended March 31, 1998

Attachment 1
Page 2

<i>Asset Allocation Percentage</i>				
Assets	Actual	Target	Difference	Range
Public Equity	63.4%	63.0%	0.4%	57 - 69
Public Debt	32.3%	27.0%	5.3%	23 - 32
Private Assets	4.3%	10.0%	(5.7%)	8 - 12
Total Investment Assets	100.0%	100.0%		
<i>Which can be expanded to show</i>				
Domestic Equity	41.3%	38.0%	3.3%	35 - 41
International Equity	22.1%	25.0%	(2.9%)	22 - 28
Total Public Equity	63.4%	63.0%	0.4%	57 - 69
Debt	30.9%	26.0%	4.9%	23 - 29
Cash	1.3%	1.0%	0.3%	0 - 3
Total Public Debt	32.3%	27.0%	5.3%	23 - 32
Total Private Equity	4.3%	10.0%	(5.7%)	8 - 12
Total Investment Assets	100.0%	100.0%		
<i>Which can be compared to the strategic targets</i>				
Core Domestic Equity	37.6%	38.0%	(0.4%)	35 - 41
Core International Equity	22.1%	25.0%	(2.9%)	22 - 28
Total Public Equity	59.8%	63.0%	(3.2%)	57 - 69
Debt	30.9%	26.0%	4.9%	23 - 29
Cash	1.3%	1.0%	0.3%	0 - 3
Total Public Debt	32.3%	27.0%	5.3%	23 - 32
Private Equity - Funded	4.3%	10.0%	(5.7%)	8 - 12
Allocated Not Funded - Dom Equity	3.7%	0.0%	3.7%	
Total Private Equity	8.0%	10.0%	(2.0%)	8 - 12
Total Investment Assets	100.0%	100.0%		

California State Teachers' Retirement System
Off Balance Sheet Transactions
For the period ended March 31, 1998

Attachment I
Page 3

<i>Currency Hedging - Market Value (amounts in millions)</i>					
Managers	Pacific Basin		European		Total
Active International	\$1,376.27	17.0%	\$3,705.09	5.0%	\$5,081.36 8.2%
Passive International	\$3,672.57	17.5%	\$7,487.34	2.9%	\$11,159.90 7.7%
Global	\$158.76	-35.3%	\$986.70	29.3%	\$1,145.46 20.4%
* Does not include emerging market securities, Canadian stocks, cash or accruals.					

<i>Currency Realized Gains/(Losses) (amounts in millions)</i>			
Managers	Currency Realized Gains/(Losses)		
	1 Month	1 Year	Since Inception
Active International	\$3.45	\$31.09	\$109.88
Passive International	\$0.55	\$125.25	\$431.57
Global	\$7.90	\$18.11	\$97.18

<i>Securities Lending Income</i>			
Asset	Current Fiscal Year 7/97-3/98	vs.	Prior Fiscal Year 7/96-3/97
Domestic Equity	\$6,993,471		\$5,256,240
International Equity	\$13,042,503		\$10,217,821
US Treasury	\$13,108,654		\$14,131,116
Other Fixed Income Securities	\$1,367,705		\$2,123,730
Total Income	<u>\$34,512,333</u>		<u>\$31,728,907</u>

<i>Securities Lending (On-Loan/Collateral Summary)</i>			
Asset	Securities On-Loan	Collateral Valuation	Percent
Domestic Equity	\$3,196,391,230	\$3,292,597,143	103%
International Equity	\$4,205,619,663	\$4,552,735,829	108%
US Treasury	\$9,620,906,768	\$9,802,038,177	102%
Other Fixed Income Securities	\$891,410,781	\$910,519,325	102%
Total Value	<u>\$17,914,328,442</u>	<u>\$18,557,890,474</u>	104%

Please note: Attachment 2 is not available in electronic format at this time.

California State Teachers' Retirement System

Global Managers

As of March 31, 1998

TC46					
BARING INTERNATIONAL INVESTMENT LTD.					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$36,699,357	\$0	\$5,498,397	\$42,197,754	4.87%
Europe	\$222,855,084	\$138,700,474	(\$123,272,045)	\$238,283,513	27.53%
Canada	\$0	\$4,255,168	\$1,594,594	\$5,849,762	0.68%
Emerging Markets	\$53,135,517	\$0	\$0	\$53,135,517	6.14%
Total Non-Dollar	\$312,689,958	\$142,955,642	(\$116,179,054)	\$339,466,546	39.22%
United States	\$133,347,469	\$228,155,691	\$116,179,054	\$477,682,214	55.18%
Total Invested	\$446,037,427	\$371,111,333	\$0	\$817,148,760	94.40%
Cash/Receivable/Payable				\$48,506,052	5.60%
Total Assets				\$865,654,815	100.00%

TC47					
BRINSON PARTNERS, INC..					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$58,723,609	\$17,907,088	\$63,598,552	\$140,229,249	18.04%
Europe	\$143,155,143	\$180,005,871	(\$91,470,951)	\$231,690,063	29.81%
Canada	\$8,186,578	\$26,843,019	(\$15,155,467)	\$19,874,130	2.56%
Emerging Markets	\$0	\$0	\$0	\$0	0.00%
Total Non-Dollar	\$210,065,330	\$224,755,978	(\$43,027,866)	\$391,793,442	50.41%
United States	\$96,136,485	\$206,491,540	\$43,027,866	\$345,655,891	44.47%
Total Invested	\$306,201,815	\$431,247,518	\$0	\$737,449,333	94.88%
Cash/Receivable/Payable				\$39,784,481	5.12%
Total Assets				\$777,233,814	100.00%

TC48					
FIDUCIARY TRUST COMPANY INTERNATIONAL					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$26,226,906	\$19,207,428	(\$13,117,891)	\$32,316,443	3.61%
Europe	\$203,854,690	\$98,124,732	(\$74,375,780)	\$227,603,642	25.44%
Canada	\$6,080,000	\$1,269,423	\$22,433,121	\$29,782,544	3.33%
Emerging Markets	\$34,659,827	\$9,622,450	(\$46,596)	\$44,235,681	4.94%
Total Non-Dollar	\$270,821,423	\$128,224,033	(\$65,107,146)	\$333,938,310	37.33%
United States	\$270,749,672	\$210,992,910	\$65,107,146	\$546,849,728	61.13%
Total Invested	\$541,571,095	\$339,216,943	\$0	\$880,788,038	98.46%
Cash/Receivable/Payable				\$13,807,553	1.54%
Total Assets				\$894,595,591	100.00%

GLOBAL MANAGERS SUMMARY					
Region	Stocks	Bonds	Net Forward Position	Net Exposure	%
Pacific Basin	\$121,649,872	\$37,114,516	\$55,979,058	\$214,743,446	8.46%

California State Teachers' Retirement System

Global Managers

As of March 31, 1998

Europe	\$569,864,917	\$416,831,077	(\$289,118,776)	\$697,577,218	27.49%
Canada	\$14,266,578	\$32,367,610	\$8,872,248	\$55,506,436	2.19%
Emerging Markets	\$87,795,344	\$9,622,450	(\$46,596)	\$97,371,198	3.84%
Total Non-Dollar	\$793,576,711	\$495,935,653	(\$224,314,066)	\$1,065,198,298	41.98%
United States	\$500,233,626	\$645,640,141	\$224,314,066	\$1,370,187,833	54.00%
Total Invested	\$1,293,810,337	\$1,141,575,794	\$0	\$2,435,386,131	95.98%
Cash/Receivable/Payable				\$102,098,086	4.02%
Total Assets				\$2,537,484,220	100.00%